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Investor's Reader

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BUSINESS AT WORK

RECREATION

Television Turmoil

THE AGONY and ecstasy of show business were neatly capsuled last fortnight by Long Island's sprightly and prosperous *Newsday*: "Where NBC [a subsidiary of RCA] announced yesterday it was dropping 17 network shows for the coming season, CBS today listed only twelve failures, indicating that CBS is: (choose one) 1) better at programming than NBC, 2) making more money from its output than NBC or 3) less discriminating than NBC."

PAPER

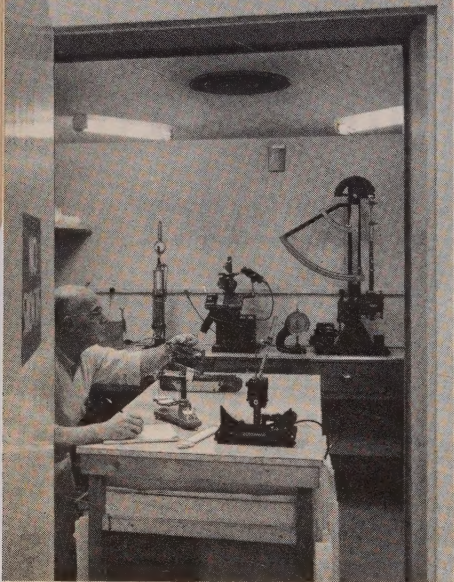
Fitchburg's New Frontier

WHEN specialty paper producer Fitchburg Paper Company enters its second century of operations three years hence, the New England pioneer hopes to be one of the first US companies to be using atomic power in its production. Early last month the Atomic En-

ergy Commission announced Fitchburg Paper, along with four other companies including International Salt (IR, January 4), had filed "expressions of interest" in its "demonstration low-temperature process steam generating project incorporating a nuclear reactor." With final selection of the "participating company" yet to come, the Commission schedules the project for completion "in about three and a half years."

If the paper producer's application is chosen, the nuclear reactor, designed to serve industrial operations requiring large amounts of heat such as chemical processing, paper & pulp production and conversion of saline water to fresh, will be financed principally by the AEC. However Fitchburg would have to provide a suitable site and facilities, purchase the steam produced by the reactor and provide a standby source.

President-treasurer George R Wallace, 3rd—who is also the great-grandson of Fitchburg Paper co-



Paper test in Fitchburg lab

founder Rodney Wallace—enthusiastically comments: “We feel we are in a good position to meet the terms and conditions laid down by the Government for the project. This is the first real chance industries of our size have had to come in on the atomic energy program.” He adds: “We want to be in on the pioneering of this important development.”

The Massachusetts concern also has plans for the more immediate future. This month Fitchburg’s 27-year-old Decotone Products division will transfer operations to a new \$1,400,000 plant in Westminster, three miles from its Paper Mill division in Fitchburg. Later this year the company expects to move into its new half-million-dollar office building which is near the original Lyon Paper Mill in Fitchburg started

in 1864 by founder Wallace and two associates to produce “standard commercial grades of book papers.”

Today under the guidance of 46-year-old George Wallace, 3rd and his father George R Wallace—who stepped up from the presidency to a very active chairmanship in December 1959—the \$12,000,000-assets company makes a wide variety of technical and specialty grades of paper. While most of the output of the Paper Mill division is for “outside sale,” the Decotone division “further converts” the rest of these base papers, along with paper from other sources, into specialty products such as printed gift wrappings and decorated paper to be used in plastic laminates similar to Formica. Fitchburg’s customers include companies in the offset printing, packaging, plastic laminating, photo, office copying and reproduction industries.

Baryta Coating

The paper maker is installing a new coating machine capable of solvent type applications as well as baryta coating. This coating, which George Wallace informs “is made in this country in very limited supply,” is used to produce smoother and whiter finishes for photographic papers used in half-tone imaging.

A “sizable portion” of Fitchburg’s research efforts is aimed at product developments for selected markets. Explains president Wallace: “We are presently concentrating on photographic and other reproduction papers. This year our photocopy business is running double its volume last year.” And while the Fitch-

burg executive sees greatest "growth prospects" in this product line in the "near term," he foresees companies engaged in fields related to advanced communications or information technology as the major market of the future.

Due to decreased demand for "some of our more profitable items" such as plain and decorated plastic saturating base papers which were "adversely affected by weakness in the home building and furniture markets" and increased research costs, the Fitchburg financial record last year slipped from record year 1959. Sales in 1960 dipped 1.4% to \$19,900,000 and earnings dropped 24% to \$544,800 or 55¢.

While most paper producers continued to suffer lower results in the first half of this year, Fitchburg sales inched up 1% to \$10,360,000 and earnings improved 30% to \$349,000 (35¢) over the January-June 1960 period. According to New Englander Wallace, Fitchburg's "better than the industry" six month improvement over the first half of 1960 resulted "equally" from new product introduction and increased automation.

George Wallace hastens to add what he considers Fitchburg's most important advantage: "Unlike other specialty paper companies whose customers buy their paper and then have to go elsewhere to have it converted, we do everything but make the pulp." He continues: "Our integrated operation gives us a good competitive advantage since we can work together with our customers on new products."

Until a year ago, Fitchburg paper was owned solely by the Messrs Wallace. However, "because of our growth" and "to get outside money for company expansion," the company made its first public offering of 325,000 shares of Class A common at 10¼ last August. This included 108,000 shares sold by chairman Wallace which still left 67% of the 983,200 shares of combined A and B shares in the Wallaces' hands.

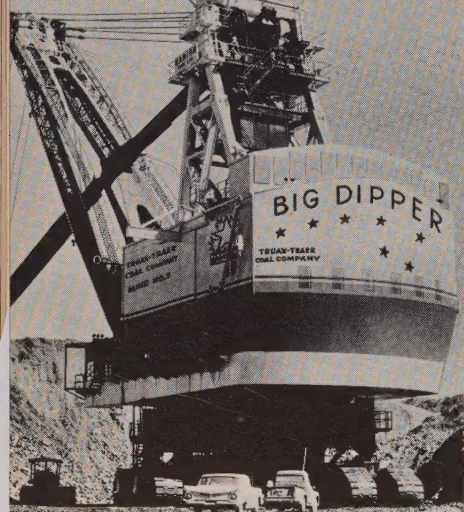
COAL

Truax-Traer Digs Out

WHILE MANY coal outfits have performed below the optimistic forecasts of a few years ago, Truax-Traer Coal Company has shown increased earnings even though both sales and production have dipped. For this showing T/T's 5,100 shareholders can thank their company's closeness to stable markets, cheap water transportation and use of efficient strip mining.

T/T has the unusual record of lower sales in every year save one of the last nine. In the fiscal year ended April total revenues were \$25,030,000 compared to \$34,320,000 the year before and \$60,290,000 in fiscal 1952. However profits have actually increased—1961 fiscal net was \$3,466,000 or \$2.27 a common share on 1,524,000 shares outstanding *v* big sales year 1952 with profits of \$3,350,000 or \$2.95 each on the then outstanding 1,104,000 shares.

This widening profit margin was given an extra boost last year because it was the first full year without the long unprofitable West Virginia operations which were sold in



T/T's stellar performer

October 1959 to Oglebay Norton Company for \$5,670,000. The sale helped T/T to concentrate on four bituminous mines in Illinois and four lower grade lignite mines in North Dakota. Most of the North Dakota lignite is sold locally while the Illinois mines supply markets from southern Illinois to the Twin Cities and parts of Indiana and Missouri. Most of the Illinois coal is shipped via a cousin—50%-owned Midwest Towing which operates on the upper Mississippi.

Boss of the \$41,000,000-assets company is president Harry Crofton ("HC") Livingston, a coal man for 35 of his 61 years. Although he presides from company headquarters in Chicago, the chief executive said last week: "I often go out to the mines. I'm an operating man—that's my background." His background includes 25 years with Union Pacific Coal (owned by guess-what railroad) where he worked his way up from mining engineer to operations vice

president. In 1952 he joined T/T in the same capacity and became president in 1956.

Truax-Traer's biggest customers are electric utilities which last year burned 59% of the company's total production of 5,655,000 tons. Industrial steam coal for steel mills and the like took just over 33% while the remainder was sold to small plants, stores and homes.

The shift to the steadier utility market (26% of sales in fiscal 1952) gives T/T an advantage over some of its steel-dependent competitors who are more vulnerable to cyclical economic swings. President "HC" thinks the utility percentage will rise another 3-to-5% this year to offset the decline in the small space heating market which has been largely taken over by oil, gas and electricity—just as coal took it over from wood long before. He expects industrial steam coal's share to remain about the same.

Production Gain

All told production this fiscal year should be some "5-to-6% higher" than 1960/61. So far, July quarter sales were off less than 1% to \$5,278,000 but earnings rose 4.7% to \$607,530 or 40¢ a share. Wall Streeters estimate Truax-Traer might earn \$2.50 for the full year but the conservative president comments: "I wouldn't go any higher. If we do that much we'll be doing well."

The major part of last year's \$7,715,000 capital expenditure went into the expansion of operations at the company's Burning Star No 2 mine in southern Illinois. A giant 65-cubic yard stripping shovel (see picture)

just went into operation there last month. Over 90% of T/T's production is by the low cost strip mining method. This fiscal year total spending will be much less—"around \$1,500,000 and depreciation and depletion will more than cover it." Although there are no land acquisitions planned, "we try to keep our strip coal reserves 20-to-25 years ahead."

HC Livingston is satisfied his company has no major problems at this point. Says he: "Ours is the same as everyone else's—marketing. We have plenty of plant and equipment; all we need is lots of orders." Investors apparently have few complaints since T/T common stock trades on the Big Board around 39, about 2½ times the low in the company's big sales year 1952—not to mention \$16 a share in dividends paid in the meantime.

MANUFACTURING

Emerson's Electrifying Growth

ENTHUSIASM was in the air when INVESTOR'S READER interviewed president Wallace R ("Buck") Persons of Emerson Electric Manufacturing Company almost two years ago (IR, Nov 11, 1959). Looking back on the meeting, his most optimistic projections were conservative.

At that time sales came to \$91,000,000 but estimates were it would probably take another two years for Emerson to reattain its wartime sales peak of \$111,000,000. However the very next fiscal year ended September 1960 the company chalked up sales of \$125,500,000. Only \$10,000,000 of this remarkable feat was generated within the company; the rest

came from what Buck Persons had earlier called "a big acquisition in the building field I can't talk about yet." That turned out to be lighting fixture maker Day-Brite Lighting which Emerson bought in June 1960 for 316,000 common shares.

The acquisition of Day-Brite added a variety of commercial and industrial fixtures (one-quarter of which are fluorescent) to Emerson's already extensive line of residential lighting products. By careful plan, these products and a score more in home and industrial heating and ventilating are closely related to the building industry. Buck Persons feels the original equipment market in this field offers particular opportunity in the coming years and Emerson is equipped to supply "the full package of built-in electrical equipment [which] has a substantial appeal." Builder products probably will account for nearly a third of total sales in the year-ended this month but are only part of the Emerson story.

The St Louis company's original product some 70 years ago was electric motors and today they still make up over a quarter of sales. Emerson is the largest independent supplier of small motors. They are found in a multitude of home appliances such as refrigerators, air conditioning, laundry equipment and garbage disposal units; also in business machines. Do-it-yourselfers could set up a workshop from Emerson's over-the-counter motors and electric power tools (welders, saws etc), some of which are sold under the Sears Roebuck "Craftsman" label.

Since it was caught top-heavy with

military items at the end of War II, Emerson has concentrated on building its commercial business but still boasts an impressive roster of defense products from its Electronics & Avionics division. For example it is prime contractor for the Honest John and Littlejohn missiles and is subcontractor for the fire control systems and ground support checkout equipment on the Air Force's B-58 and B-52H bombers. About the current military speed-up Buck Persons says: "There has been lots of talk and we have been asked to make more bids. I'd say there have been 30% more proposals but it will take some time to filter through to us—there has been no quick shot in the arm."

Success Recipe

Although Buck Persons would like to maintain a one-third military/two-thirds commercial sales formula, he discloses E&A sales will reach \$63,000,000 or 42% of the projected fiscal 1961 total of \$151,000,000. As a matter of record, 97% of 1944 sales were military.

On this year's healthy sales rise, Buck Persons can see earnings of "a solid \$3.15 a share" v \$2.80 last year, both on average shares outstanding. And he adds: "That is after writing off the costs of the new Russellville, Ky motor plant which went into production last month, development costs in our Electronics & Avionics division and R&D expenses connected with a new project we will announce sometime this Fall." Even after two years Buck Persons is tight-lipped about new things, will only reveal "it is a whole new idea

based on some patents we bought three years ago. It has been in the labs these many months but is almost ready." He further hints it is something brand new to Emerson.

Next month a "couple-of-million-dollar acquisition" in the US will be completed; also "within 60 days" Emerson will make its first venture overseas. "It is an investment in a field we're already in, a matter of taking our know-how into Europe." In addition three more acquisitions are in negotiation ("I've put in a lot of work on acquisitions this year"), one in "a completely different field" and two in related markets. It is likely all will be paid for with stock.

Not counting these acquisitions, capital expenditures have run high lately mainly as a result of expanding and decentralizing manufacturing facilities. At present some 80% of operations have been relocated outside St. Louis. In spite of the spending, president Persons says "there will be no need for additional financing for the next few years."

The number of Emerson common shares has mushroomed in the last few years too. After a 2-for-1 split in January 1960 plus a 3% dividend the following September, the Day-Brite acquisition, some bond conversions and exercised stock options, there are 2,262,000 outstanding.

Listed on the Big Board, EMR (ticker symbol) climbed from its adjusted low of 24 in 1959 to 88 earlier this year, is now trading around 83. Buck Persons admits to the possibility of another split. "We'll be taking a look at it when

the directors meet this month because we feel stock in the \$35-to-45 range is more marketable." At the same time modest dividends of 25¢ quarterly will be "up for review. We will give some consideration to an improvement but we want to conserve capital for expansion too; we think it's better for stockholders that way." So far Emerson shareholders have had nothing to complain about.

ELECTRICAL EQUIPMENT

New Look in Light

THE NEWEST source of light since the fluorescent lamp of 1938 is called electroluminescence. The concept has stimulated research work and some finished products by all major electric equipment companies and spawned some optimistic predictions about its future—as well as some serious doubts.

First observed in principle in 1923 but only developed in the past decade, electroluminescence occurs most commonly as a panel of light produced by electric excitation of a layer of phosphors (luminous compounds of phosphorus) sandwiched between two conducting plates of plastic, glass or metal.

GE scientists say electroluminescence theoretically could produce light more efficiently than any of our present methods. Although still largely in the research stage "it has many exciting possibilities." This view is spurred by the fact that electroluminescence can provide evenly diffused, glarefree light, compared to the spot of the incandescent and the line of the fluorescent types of lighting. Moreover, it produces al-

most no heat in making light since it converts electricity directly into light. This means greater reliability too. Equipment using electroluminescence has a life of as much as 40,000 hours, compared to 750-to-1,000 hours for incandescent light and 7,500 for fluorescent. An electroluminescent light source can be made thinner than a window pane and as transparent; it can be made as flexible as a curtain. To get color, different phosphors are used instead of enclosing a lamp in a colored bulb. So far the colors are blue, green, orange, yellow and white. For its stairway illuminators, Westinghouse calls its colors "caution yellow" and "safety green."

But the hooker in electroluminescence is the low intensity of light it provides efficiently. The problem lies mainly with the phosphors which at present disintegrate when operated

Luminescent cocktail table



at high current levels. A lamp as bright as a 40 watt fluorescent tube lasts about 15 minutes. The present practicable brightness in electroluminescent lamps is about one-tenth that of a TV screen. At these levels it far outshines other light forms in such items as signal lights. The New York subway system recently contracted with RCA to purchase blue electroluminescent marking lights for its tunnels. They will cost 20¢ a year in electricity against \$6 for the old incandescents and they will only need replacing once in five years instead of every three months.

Research Spending

The big three lighting companies, General Electric, Westinghouse and General Telephone's Sylvania, are estimated to be putting at least \$3,000,000 a year into the development of electroluminescence. Others include RCA, Controls Company of America, US Radium Corp, Lockheed, North American Aviation, Hughes Aircraft, Lincoln Laboratories, IBM, Philips Lamp, Hewlett-Packard, Thorn Electrical Industries (Britain), National Cash Register and Philco. Also exploring is the US Navy Electronics Laboratory.

Practical applications of the new light source are still "more to see than to see by" according to one GE spokesman. Sales of such products for all companies last year totaled \$4-to-5,000,000. The biggest seller is the night-light, which lights bathrooms and dark corridors. It retails at about 98¢, costs only a cent a year to light. A Sylvania original, it is now made in various forms by other companies.

Other uses of the panels are in instrument control panels, advertising displays, clock dials, decorative items, road signs and indicators in dark places such as theatres. They have also been found useful in computers and in medical equipment.

Some recent electroluminescence news items:

- Westinghouse has recently completed installation of a 521 square foot "Rayescent" electroluminescent decorative ceiling in the Rice Hotel lobby in Houston.

- Sylvania which boasts the largest electroluminescent plant in the world (16,000 square feet in Salem, Mass) has recently produced its 12,000-000th "panelescent" lamp and is responsible for the illumination of the Chrysler Imperial dashboard, of the face of the Sunbeam clock and for some of California's highway signs.

- General Electric has just come out with an improved plastic panel which besides being extra light (3 ounces a square foot), extra thin (1/32 of an inch) and very flexible has an organic vapor barrier to protect it from humidity.

Still in the realm of dreams are such possibilities as a wall of light for home and industrial illumination, lighting of airplane interiors, glowing landing strips for aircraft and mural TV. But while one industry spokesman speculates sales of the various products may bring in \$500,000,000 yearly by 1970, most of the industry specialists agree some major technical breakthroughs are needed to make electroluminescence as effective as conventional means now employed.

CHEMICALS

**Commercial Solvents Recoups,
Strengthens Cash Position,
Looks for New Acquisitions**

DURING two eventful years Commercial Solvents Corp has abandoned its marginal anti-freeze operations and brought its profit-draining interest in Canada's Northwest Nitro-Chemicals into line. Now president Maynard Wheeler comments: "With all our operations profitable and a strong foothold in raw materials through our natural gas subsidiary Louisiana Gas Production Company, we can look for acquisitions to expand and integrate upwards our basic product line."

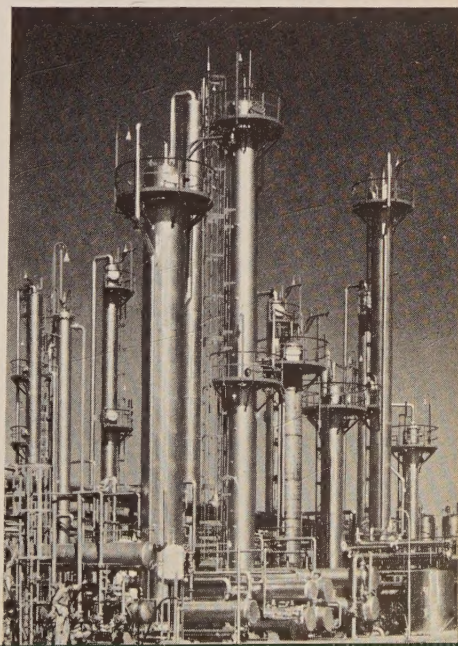
Commercial Solvents' solvent position backs up president Wheeler's appraisal. The company is one of the few chemists to report improved earnings in each of the first two quarters of 1961. Earnings were \$2,840,000 or 99¢ a share compared with 92¢ a year ago though sales of CV (Big Board ticker symbol) were \$32,600,000, off 5% from the first half of 1960. For the full year president Wheeler forecasts sales "up to 5% ahead" of 1960's \$62,300,000 and allows Wall Street earnings estimates of \$1.85 a share are "in the ball park." This would compare with \$1.70 a year earlier.

Working capital at the start of the year stood at \$30,000,000 and of this amount \$18,300,000 was in cash plus Government and other securities. President Wheeler expects capital expenditures this year to be around \$5,000,000 while for the five years through 1965 he expects the total to reach \$40,000,000. Thus the

company's current conservative dividend policy of 15¢ quarterly payments for a 1.7% yield is expected to continue. President Wheeler comments: "For financing our expansion program we want to have cash available if that appears to be the best move." Besides maintaining a strong cash position, CV has relatively low long-term debt of \$17,200,000. While chief Wheeler notes "this does not preclude additional long-term borrowing," he adds "it looks as though our five-year expansion program could be financed internally."

CV's 2,850,000 shares of common stock have reflected the company's happier state. The shares trade on the Big Board at 34, up from this year's low of 21 and have been active lately. Says president Wheeler: "Northwest Nitro-Chemical's recently released annual report showed

Nitroparaffin minarets



record sales and earnings. At \$1,700,000, earnings were triple a year ago." CV owns 45% of Northwest Nitro common and 83% of the preferred. The company expects no dividends from its holdings until 1965 when a moratorium granted by mortgage holder Royal Bank of Canada expires.

President Wheeler comments on Northwest: "First off we want to get some fat on its bones, then we'll think about expanding its fertilizer operations. Actually it's coming along quicker than we expected. This year for the first time the company anticipates operating without borrowing working capital."

Fastest Growers

As for Commercial Solvents itself, president Wheeler states "the greatest growth percentage" has been seen in sales of animal nutrition products, specialized carbon black and nitroparaffins. The latter are a pet project of CV. The company was one of the first to enter the field some 20 years ago. Maynard Wheeler says: "We're still as enthusiastic as ever about nitroparaffins but they won't be the savior of Solvents as was once thought. We've got a tough market development job ahead." Nitroparaffins have wide application especially in textile processing and rubber making. To date president Wheeler states "operations and sales have been good."

But nitroparaffins are a very small percentage of CV's overall volume. The bulk of company sales still comes from its industrial chemicals (the company is the main marketer of methanol in the US) and agricul-

tural chemicals. Fertilizer sales are usually at a peak in the second quarter but as president Wheeler explains, "discounts granted farmers in September and December to offset high storage costs have tended to even out the peaks and valleys in the fertilizer market."

While president Wheeler admits CV's basic position in agricultural and industrial chemicals does not offer spectacular growth potential, it does form a basis from which "to integrate upwards toward consumer products." Chemical engineer Wheeler explains: "We are looking to acquire companies in specialized chemical areas—adhesives, plastics and the resin group which will fit in with our nitrogen orientation and methanol position."

One special area of the company's interest is chemical synthesis of caprolactam, a basic ingredient of nylon 6. In the US the greatest market, while quite small, for nylon 6 is tire cord. Overseas, especially in Europe and Japan, it is the dominant synthetic textile and tire cord fiber. DuPont's nylon 66 holds most of the textile and tire fiber market in the US.

Other areas of CV expansion interest are pharmaceuticals and animal nutrition products. Along with Pfizer, Heyden Newport and American Cyanamid, the 42-year-old company was one of the first producers of penicillin during War II. President Wheeler comments: "We had a wealth of fermentation knowledge from our early days in butyl fermentation. After the War we built our own pharmaceutical division." CV

still produces cycloserine, a TB fighter which it sells to Eli Lilly for exclusive distribution. It also produces the antibiotic zinc bacitracin, as well as anti-enzymes, riboflavin and ethyl alcohol.

In the area of animal nutrition CV produces bacificerm, vitamin B₂, choline chloride, stabilized vitamins A, D and E and riboflavin feed supplements. Another product is Silotracin, an antibiotic silage preservative, sales of which "are going well."

This year the company will spend about \$2,000,000 for research with special emphasis on chemical synthesis, nitroparaffins, upgrading present products and its fermentation chemistry. President Wheeler notes "a sizable pilot plant for the production by fermentation of monosodium glutamate is now in operation." This chemical is a common flavor enhancer and is sold by International Minerals under the trade name *Accent*. Merck also has a pilot plant for fermentation of monosodium glutamate.

Besides its domestic activities CV set up an international subsidiary in December. The company has a wholly owned nitrogen fertilizer and animal nutrient affiliate in Mexico and a one-third interest in a Mexican company which converts and markets aqua ammonia. In Canada it is represented by its major interest in Northwest Nitro-Chemical. And last December CV re-entered the packaged ethical pharmaceutical field with the acquisition of an 80% interest in Hoffman-Lampis SpA and Fiart SpA, both Rome-based pharmaceutical companies. President

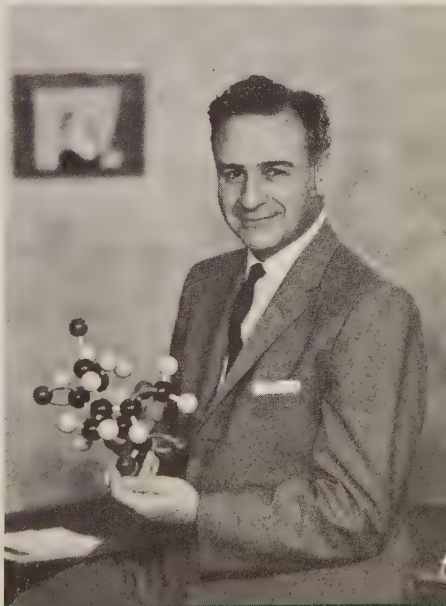
Wheeler states: "To regain our position in pharmaceuticals we hope to first get into the European market and then back our way into the US." Last week headman Wheeler flew to Rome "to discuss plans and to check on progress" of pharmaceutical and other ventures.

DeSoto Chemical Coatings

AS PRESIDENT Sam Greenberg of DeSoto Chemical Coatings explains: "We believe strongly in the more exotic uses of our industrial coatings," the field from which the Chicago-based company derives some 42% of its sales volume. Industrial coatings, clear or with pigment, are applied to all kinds of products for preservation and resistance to stress.

The bulk of these coatings, president Greenberg explains, "are simply synthetic-based paints as opposed to linseed or rosin paints" and others

Sam Greenberg and complex molecule



are emulsions and special finishes. Such coatings have a built-in advantage—chemical ingredients can be arranged and shifted to meet specific coating needs. One special chemical finish to which Sam Greenberg points with pride is Acropon. This is a thermosetting acrylic finish “better than porcelain” which can be used to coat all types of appliances from air conditioners to refrigerators. Sam Greenberg adds: “We’ve made inroads in the appliance field in the last year but we’ve just scratched the surface.” Some other jobs covered by DeSoto finishes:

Jets. “We have contracts with Convair and just last week signed a contract with Boeing to furnish coatings for their jets. Ordinary finishes can’t do the job—they melt under extremes of temperature and pressure.”

Missiles. “Underground launching platforms must be specially coated with heat-resistant finishes to insulate the transducer and the launching pad.”

Building. “We’re working closely with the lumber people to develop a finish which can be applied to lumber at the mill. This would provide a finished product which could compete with permanently finished aluminum shingles and siding.”

One other prime area of DeSoto interest is naval contracts, especially for the new nuclear subs. Sam Greenberg continues: “We haven’t any contracts as yet but we feel there is real promise here.” Government contracts currently represent a small percentage of DeSoto volume (6-to-7%) but “it’s going to grow.”

Besides industrial finishes DeSoto makes an extensive line of coatings for consumer use. These include latex house paint for wood and mortar, clear metal coatings for brass, aluminum and chrome and a wide line of inexpensive house paints. The company is also “the No 1 producer of wallpaper” and wall coverings. Sam Greenberg feels “wall coverings are a coming market.” Meanwhile the company continues to supply about 90% of Sears Roebuck’s paint and wallpaper needs. Last year these sales made up 58% of DeSoto’s \$48,000,000 sales volume.

First half sales this year total \$28,900,000, a 5% increase over the first half of 1960. Share earnings are unchanged at 49¢ but there are a few more shares outstanding. For the full year Sam Greenberg comments: “If business keeps moving in the right direction, sales should be up and profits will be at least up a bit from the \$2,500,000 or 74¢ earned in 1960.” This would more than adequately cover the 40¢ annual dividend.

To insure future growth DeSoto maintains an extensive research program. President Greenberg notes: “We’ve got a fine group. I like to think of research expenditures in terms of profits, not in terms of percentage of sales. This year we’ll be spending \$1,400,000 (mostly for development of industrial coatings)—the budget keeps growing every year.”

DeSoto has 3,180,000 shares of common outstanding which trade on the Big Board around 11, off three points from this year’s high. Prior to last June’s 1,000,000-share sec-

ondary Sears owned 89% of the common. It now owns 54%. With over 1,500,000 shares of DeSoto in public hands and trading more active, Sam Greenberg enthuses: "Acquisitions should be easier. Companies will be more amenable to accepting DeSoto stock."

HEAVY MACHINERY Foster Wheeler Recovers

CONFIDENTLY looking ahead John Edward Kenney, president of Fifth Avenue-based Foster Wheeler Corp, states: "If we can do this well in the first half which was at the bottom of the [economic] trough, I have no fears about 1962 or '63." In the first six months of this year the petroleum, chemical and power plant engineer boosted profits 12% to \$1,400,000 or \$1.97 a share from \$1.85 a year earlier. In the same period

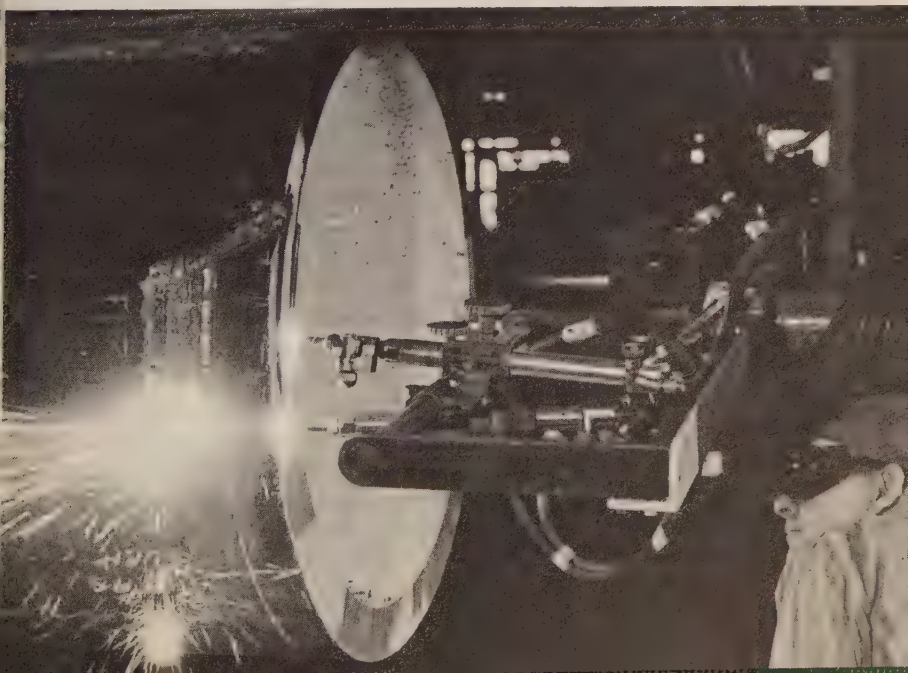
volume was up 20% to \$95,800,000.

Adds bespectacled John Kenney: "We are going along at about the same rate in the second half." So far sales have climbed faster than earnings because "we are taking some low margin business—on purpose. We have a big machine here to feed."

Foster Wheeler has 9,500 employees and three domestic plants which turn out utility, industrial and marine power plant equipment including boilers, condensers, nuclear components. The company also builds petroleum, chemical and other process plants. Current projects include a "multi-million ammonia plant" for WR Grace in Texas and a \$23,000,000 Philippine copper facility which bypasses smelting (IR, February 15).

President Kenney explains: "Our business is about equally divided between power plant equipment and

Marine boiler processing



plant design and construction." In addition "half our consolidated billings are foreign. Activity is increasing in Britain, France and Italy."

The result of a 1927 merger of a steam condenser firm with a steam generator company, Foster Wheeler is an important factor in its various fields. In power plant business the company ranks third behind Babcock & Wilcox and Combustion Engineering. In marine steam generating equipment "we are No 1 by a large margin." The quick-to-smile president quips: "Virtue will triumph." As for plant construction, "we are among the major" companies. Others include Pullman subsidiary Kellogg and Combustion Engineering's sidekick Lummus.

Cyclical Swings

The company's profit performance has been even more cyclical than might be expected of a business so closely tied to capital goods activity. This is one reason the 690,000 "FWC" shares which trade on the Big Board at 38 sell at a mere ten times earnings. In early 1957 the stock sold as high as 61. That year Foster Wheeler's sales climbed nearly 70% to \$173,000,000 but by year end the company had lost a total \$820,000. If not for foreign operations the company's deficit would have been over \$3,000,000. Explains John Kenney: "In 1957 we had a couple of sour jobs with no profit and just waded in deeper." Consequently "we fell on our face." Since then FWC's share earnings have varied from 1958's \$4.06 to a record \$9.02 in 1959. The company exhausted its tax loss carry-forward in these two years. On full

taxes, 1960 earnings totaled \$4.32.

The company's dividends have also been erratic. After none in 1958-59, the company is now on a 25¢ quarterly basis *v* the 40¢ rate of 1955-57. The cash handout was sweetened by a 10% stock dividend in 1960 and 5% this year. As for an increase in the cash payout prexy Kenney says: "We will wait until year end to decide." However he warns "our ratio [current assets to liabilities] is not yet 2:1." The 61-year-old executive who assumed the presidency in late 1959 when William L Martwick moved up to chairman "would sleep better if it was."

Meanwhile president Kenney feels: "The 1957 loss would be impossible today." One reason: "accurate cost accounting. We have a couple of computers now and know where we stand month by month." In addition, on advice from a management consulting firm, "we have simplified our corporate structure allowing considerable top management cuts." In the shop "we have reduced the ratio of non-production to production workers. All chiefs and no Indians make a lot of overhead." Finally, "we have installed automatic or faster machinery."

John Kenney also counts for added income on new products such as a carbon monoxide burning boiler. The company's industrial products department, formed last year, makes high-pressure storage vessels for missile launching facilities. While the greying executive does not want "to sound like Pollyanna," he is enthusiastic about "some new items this department will announce later."



Sprague Electric Looks Ahead

**New England Electronician
Counts on New Products
For Future Growth**

ONCE A MONTH since 1957 top executives at electronics specialist Sprague Electric Company have held a meeting (see above) of what it calls a "fourth decade committee." According to founder and chairman-treasurer Robert Chapman Sprague, its job is to do "all our short, medium and long range planning." He adds: "We are planning through 1967 but that doesn't mean we aren't thinking beyond that too."

The committee has targeted 12% annual sales increases as a "reasonable minimum goal which we have exceeded in the first four years." The 61-year-old executive notes: "In the past 30 years the company grew at an average 16% a year but according to the best estimates we've seen the industry will grow at a less rapid rate in the future." However, "we anticipate" that after-tax profit mar-

gins will climb to 7% from "the previous 20-year 6½% average."

If Sprague realizes its goals, 1967 volume should be "around \$132,000,000," profits over \$9,000,000 or in the area of \$6.40 on shares presently outstanding. Last year Sprague netted a record \$4,000,000 or \$2.85 a share (\$3.40 with a nonrecurring credit) on sales of \$64,500,000.

For 1961 the capacitor and semiconductor maker looks to "earnings in the \$4 range, sales of \$73-to-75,000,000." The company is well on its way to the new record. Its first interim statement released to the public showed six month sales up 15% while net income raced 42% to \$3,000,000 or \$2.06 a share.

Two months ago Sprague reduced prices on some types of tantalum capacitors by 10% and the industry followed. But Bob Sprague who receives weekly profit & loss statements maintains "recent results confirm that the reduction has not affected

our profit picture at all. We were the first in the country to manufacture solid tantalum capacitors and it has always been our policy to automate. From time to time we pass on savings to customers."

As for highly publicized transistor price cutting, while "we can't help but be affected, it is a relatively small part, under 10%, of our business." Again, "we have a highly automated operation and despite rather absurd industry price reductions our transistor division did better in the second quarter than the first."

Philco Teamwork

Sprague makes transistors under a "cross license, cross know-how" agreement with Philco Corp. Tells Bob Sprague: "We decided to concentrate on high speed, highly reliable switching transistors [as opposed to less sophisticated, cheaper models for entertainment products] and Philco had a breakthrough. Its precision-etch transistor lends itself to complete automation."

Chairman Sprague refuses to pinpoint his star sales performers, "so many of our products showed gains in the first half." Sheer diffuseness makes it difficult. Last year the New England electronician turned out items "to 60,000 manufacturers' specifications" from its ten domestic (now twelve) plants. The company also has a foothold outside the US with wholly or partly owned interests in manufacturing operations in Canada, Mexico, Puerto Rico, Belgium, Britain, Italy and Hong Kong.

The Sprague standby is capacitors (they store electrical energy) and

the company claims to be "by all odds" tops in this field. The balance of Sprague's line includes resistors as well as complex components & subassemblies. The latter group was originally sold "almost exclusively to computer makers; now we are branching into such areas as telephone and photographic equipment."

Sprague's tiny, powerful gadgets go into defense items (40% of sales), home entertainment products (25% or over half ten years ago) and industrial equipment. Bob Sprague says: "Our most rapidly growing market is commercial and military computers." Figures vice president Bruce R Carlson: "About 15% of our total volume comes from commercial computers." Also part of Sprague's military business is in computers.

Computers use vast quantities of Sprague transistors and tantalum capacitors. Reliability is a must. Naval Academy and MIT graduate Bob Sprague underlines: "One military computer used 320,000 transistors and the failure of one would have put the machine out of order."

To improve existing products and break through with new ones, Sprague spends a chunky 7½% of sales on research, development and engineering which "unlike some companies does not include our sales engineering, quality control and specification work." Next Spring Sprague will complete a 43,000-square foot laboratory right under Bob Sprague's window at the company's North Adams, Mass home.

In the 1956-58 period, heavy R & D expenditures plus rapidly changing economic conditions kept

Sprague profits under \$2 a share. Sprague generally finds lab development averages two-to-four years and setting up production takes another. Then the company realizes its top profits on new products for three-to-five years.

Transistor Promise

It hopes to follow this pattern with a new transistor christened ECDC from which chairman Sprague expects "great things." He explains: "Among the major kinds of transistors are the Sprague-Philco precision-etch type which has higher speed and the more powerful mesa type made by Motorola, RCA, etc. Our new transistor combines the strong points of both."

The ECDC will be available to Philco but "we have no other outside competition whatsoever." The new transistor went into production two months ago, is being sold on a sampling and testing basis. Less significant but also a Sprague first, now in prototype stage, is a new silicon capacitor which is "very, very small and more immune than other capacitors to radiation."

Chairman Sprague maintains "we have the longest experience in the industry in making components of extremely high reliability." In 1926 Bob Sprague while still in the Navy founded the company to manufacture a radio tone control device which he had developed. His father Frank Julian Sprague, also an inventor, pioneered electric street railways and electric elevators.

Bob's first product was commercially unsuccessful, "perhaps because of lack of experience on my part."

However his brother Julian K Sprague, who joined the firm shortly after its founding, suggested improvements and the brothers eventually came up with a salable capacitor. After some rocky starts the company "has made a profit every month since January 1933." Julian Sprague was president from 1953 until his death last year when Ernest L Ward, a Chicago investment banker who joined Sprague 15 years ago, was elected to fill the post.

Both of Bob Sprague's sons are in the business. Robert C Jr, 38, is senior vice president in charge of industrial relations and 31-year-old Dr John L, a physical chemist with degrees from Princeton and Stanford, heads Sprague semiconductor research. The family plus officers and directors own nearly half of the 1,400,000 Sprague shares. The stock has moved up sharply in the over-the-counter market and trades near its alltime high of 92 bid compared to 54 in January. Chairman Sprague allows: "We have no plans for a split presently but there has been minor discussion of one since the stock broke 80."

As for an increase in the 30¢ quarterly dividend Bob Sprague "personally wouldn't recommend it to the board. We need the funds for our ten year program." Another possible cash requirement: "We look at acquisitions daily," especially "pools of engineering talent, not large, established companies." Meanwhile chairman Sprague plans "to recommend continuation of the 2% stock dividend which we have paid in the last two years."

Engelhard Industries' Precious Products

Rare Metals Company
Finds New Uses
For Platinum Group, Others

THOUGH Engelhard Industries Inc ranks only No 319 in sales among US industrial companies, it proclaims itself "world's largest refiner and fabricator of precious metals." The bulk of its business is in platinum group metals: palladium, ruthenium, rhodium, iridium, osmium and platinum itself. However, it also works with gold and silver. Much less important now but likely to increase are quartz, tungsten, uranium, titanium and eventually beryllium, vanadium and the rare earths.

In its present state Engelhard is just a year and a half old but its predecessors date back to an 1875-founded precious metals business which mainly served jewelers and dentists. In 1903 Charles Engelhard bought an interest in the original company. He expanded it into a worldwide complex of manufacturing facilities and investments. Upon the senior Engelhard's death in 1950, the reins passed to son Charles Wilam Engelhard, then only 33.

In March 1960 the parent company, now known as Engelhard Hanovia, transferred its refining and fabricating business to newly created Engelhard Industries in exchange for all of the latter's 1,605,000 common shares. Three months later another 400,000 shares were issued and sold to the public for \$23 a share. This put one-fifth of the stock in public hands; the rest is still stashed away by privately held Engelhard Hanovia.

Just a year ago the stock was listed on the Big Board under the ticker symbol ENG. It now trades around 25 after a run-up to 34 last Spring. Prior to that the shares had not risen above the offering price and had been as low as 17.

Today Engelhard's original dental and jewelry customer groups together take less than 11% of total sales while the biggest market lies in industrial applications. The chemical, appliance and electrical industries provide 29% of sales. They use the metals as catalysts, in plating solutions and for a variety of mill and wire forms, tubing, contacts, slip ring assemblies. The catalytic activity of the platinum metals brings demand also from the petroleum and drug industries; because of their corrosion and oxidation resistance and high temperature strength, they are ideal for high-precision machined parts such as spinnerettes for extruding viscose into synthetic fibers.

Silver, Quartz, Silica

In the silver department, Engelhard produces Silvaloy alloys and fluxes which are used for low temperature brazing of appliance joints. Since almost all laboratory equipment must be fabricated of materials which are non-contaminating and unaffected by chemicals, corrosives and temperature, Engelhard is a prime source of this specialized apparatus. It is made from the precious metals as well as fused quartz and silica.

Although he loves to enumerate the hundreds of applications of his company's technology, president &

chairman Engelhard would rather not break sales down into products or industries because "there is a great deal of overlapping." Instead he prefers to divide the company business into three segments: trading, manufacturing and specialties.

The first category accounts for about half of Engelhard volume but has the lowest profit margin. It consists of buying and selling the metals, plus refining when necessary into usable forms such as bars or ingots. The main source of the platinum metals is International Nickel Company of Canada for which Engelhard is sole agent, buying the metal from Inco in a concentrated form. A growing source of platinum is through secondary recovery. Since platinum metals are completely recoverable, used fabricated products can be refined and the metal used again & again. Some platinum—and virtually all the gold, silver and other metals—are bought on the open market.

Manufacturing includes the making of such precious metal-containing products as petroleum catalysts, special electrical contacts and labware, thermocouples, wire and tubing. These are sold to a variety of customers; thus their sales success is closely tied to the fortunes of general industry. The performance of this segment of Engelhard's business will usually determine how the company as a whole will do. Because of the skilled fabrication involved, manufacturing naturally carries a higher profit margin than trading.

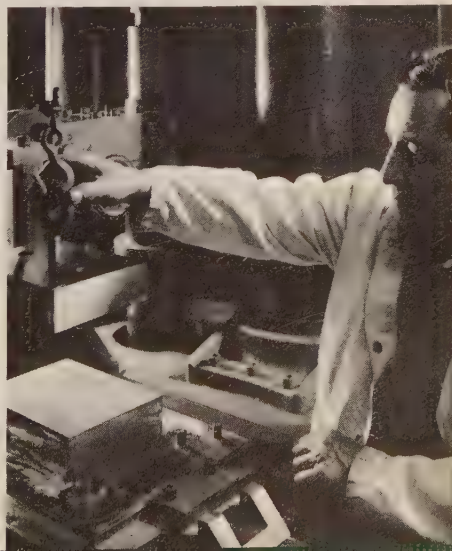
Highest profit and degree of stability come from the third category—specialties. This is in areas where

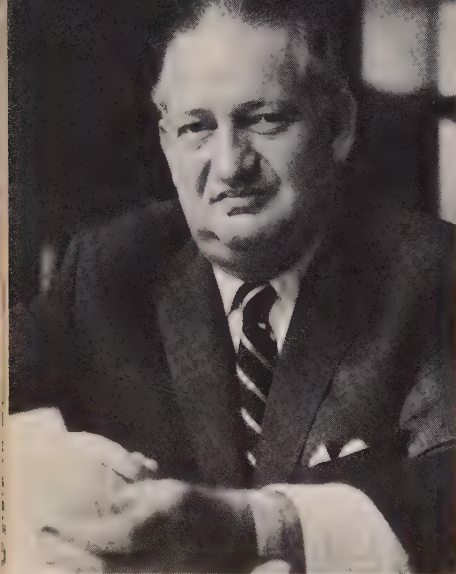
Engelhard know-how stands alone and where articles are generally made to a customer's specification. Such items include liquid gold, platinum, palladium, silver and luster colors used to decorate ceramics, glassware and china. Engelhard's fused quartz technology and development of some catalytic processes are also specialties. Charlie Engelhard sees the "general catalytic field with special emphasis on oil and gas problems" as having the greatest growth potential at present.

To supplement and strengthen this important area as well as the other phases of its business, Engelhard plans to spend over \$1,500,000 this year on R&D. At company headquarters in Newark, NJ the newest building is the two-year-old R&D laboratory where work on such problems as metals purification and smog control are underway.

Outside of Newark, Engelhard has production facilities in Australia, Colombia, Britain, Germany, Italy

Silver pressing operation





Engelhard of Engelhard

and Switzerland and is "considering" setting up shop in India and Japan where it already has sales offices. These and other sales offices sprinkled around the globe brought in close to one-quarter of 1960 sales of \$128,000,000. The foreign share will probably be even greater this year but total sales and earnings will not equal the year-ago figure.

So far in 1961 first half sales were off 2% to \$65,746,000 while earnings were down a third to \$1,189,000 or 59¢ a share. Charlie Engelhard says each succeeding month has "shown remarkable improvement" and he does "not think it unreasonable to hope the last half will follow a pattern [similar to] last year." But he is quick to qualify: "The picture could change considerably." Full year earnings in 1960 were \$1.56.

Aside from being chief executive at Engelhard Industries, many-faceted Charlie Engelhard retained chair-

manship of Engelhard Hanovia as well as several South African holding companies which are heavily invested in mining, manufacturing and real estate there. He goes to Africa about twice a year now to oversee these interests. But when queried about current conditions in the new Republic of South Africa, he quickly emphasizes: "The African companies have nothing to do with Engelhard Industries." However Charlie Engelhard admits he considers them a potential ace in the hole for ENG should the political picture brighten. If Engelhard Industries decided to further broaden its horizons or need a ready supply of gold, platinum or uranium, it has the best of connections in Johannesburg.

WE HEAR FROM . . .

Whisky Whopper

WALKERVILLE, ONTARIO

GENTLEMEN:

I note that you apparently have transposed, on the last page of your August 2 story on Hiram Walker, Mr Ford's prediction of a 60-million-gallon increase in total US liquor consumption by 1970 into a 60% increase. This, of course, is patently a typographical or "slip of the pen" type error since you gave the figures from which the percentage increase was derived.

Very truly yours,
ROBERT D FRENCH
Asst Director of Public Relations
Hiram Walker-Gooderham &
Worts Ltd

Thanks to reader French for catching an intoxicating proofreading slip. Hiram Walker president Burdette Ford predicted the liquor industry's US sales (235,000,000 gallons last year) would rise to 295,000,000 gallons by 1970, up just over 25%.—Ed.

Jewel Tea Adds New Facets

Variety Appeals
To Expansion-Minded
Supermarket Chain

THE COUNTRY'S No 10 food chain, \$135,000,000-assets Jewel Tea Company, has long boasted "the finest meat in the market" as one of its characteristics but up to this year has never presented itself as the place to shop for penicillin. Then in a move which was unusual but not unique (No 3 food retailer Kroger took similar action at just about the same time), Jewel acquired self-service chain Osco Drug Inc (IR, January 4) effective in February. The other week Jewel president George L Clements came East from his headquarters in Melrose Park outside Chicago and in his Waldorf suite chatted about the new venture and its implications.

Illinois-born and bred George Clements describes Osco as a "variety store with a drug perimeter." Osco's shelves contain everything from tea to typewriters along with prescription items.

The acquisition broadened Jewel's operating concept from food merchandising toward becoming a retailer handling diversified lines of high-turnover, quick consumption products. George Clements admits "it's like playing a tight-rope act when you add non-foods to a food store because you don't want to spoil the food image you've built up." But he enthusiastically hailed Osco as "a real partner" for the Jewel stores.

Founded in 1942, Osco concentrated on Midwestern "main street

towns." By September 1960 it had built up a 30-unit operation in Illinois, Indiana, Iowa, Minnesota, North Dakota and Wisconsin with yearly sales of \$34,000,000. Jewel plans to continue to expand in this small town pattern but also to start invading metropolitan markets. Most ambitious plans are for Osco units in various combinations with food stores. Most common will be Jewel Food and Osco Drug units operating side by side with a connecting door. Ten such partnership units are in the planning stage along with two unattached Osco units.

Family Shopping

One of the combos will be a part of Jewel's newest adventure—a Family Center which will take advantage of the popularity of one-stop convenience shopping. The 110,000 square foot center to open in Racine, Wisc next March will combine a Jewel supermarket, an Osco unit and a soft goods discount store. The latter will be operated under lease by mail retailer Aldens Inc's new Shoppers World discount center, including such attractions as a children's play area and a snack shop. Jewel wants it to be "a place the whole family wants to shop at—like going to the fair."

As one advantage in the Jewel setup George Clements cites the availability of desirable store combinations whereas in the typical "strip shopping center," the originator has the "difficult task of finding stores which will fit in." At this stage, Jewel "has no plans for" a direct

soft goods or other diversifying acquisition, "but we are looking around for opportunities."

In its native field of food retailing Jewel is exploring decidedly new frontiers. Last year for \$1,857,000 it purchased 36% of the stock of Belgian food chain Supermarkets G. B. Another 36% is owned by Le Grand Bazaar d'Anvers, 28% by the European public. George Clements feels it has "terrific potential." He adds: "The supermarket is a new idea in Belgium—a country the size of Maryland. Its food sales run around \$2 billion a year, not unlike our home market in metropolitan Chicago. We are in on the ground floor with six stores already open and four more planned by year end." Although Jewel does not expect any cash return on its investment for a while, "the company should break even this year." Moreover Jewel can display, on paper, some nice capital gains from its Belgian investment; "the company's stock has gone from \$18.50 a share to \$42."

Home Service History

New opportunities have their fascination but Jewel has not neglected to polish the old standbys. A food merchandiser since 1899 when the business consisted of a horse, a wagon and two coffee, tea & spice salesmen, Jewel's food retailing operations have expanded to a current count of 283 supermarkets. The company also operates nearly 2,000 home service routes which call on 800,000 customers.

All of the Jewel stores are in Chicago and central Illinois. The 1961 budget calls for twelve new stores

(five have already opened) offset by eleven closings due to poor locations and increased competition. George Clements remarks: "Future population growth should expand the market to take care of approximately 15 new supers a year."

But while the stores continue to supply "top notch food service at low cost," the seasoned executive (32 years with Jewel, the last ten as president) maintains "you have to build something in besides price." Thus, the Jewel stress on a "clean & white" appearance and "friendly personnel" as well as fine meats in "new unusual cuts."

More recently "specialty shops" have been added. Counter to the industry trend, Jewel marketing experts observed unpackaged foods had greater appeal to the housewife than the dull, look-alike packaged edibles; this led to inclusion of luncheon-meat sausage shops, cooked food departments and self-service "taste-as-good-as-they-look" pastry shops.

Biggest new feature is the pastry shop which displays fresh-frozen baked goods. First supplied by an independent baker, the goodies will now be produced at Jewel's brand new 113,000 square foot pastry bakery located next to its bread & rolls plant at Melrose Park. By year end it will supply 60% of Jewel stores. The frozen aspect is important for perishables because it "captures the freshness and holds it." It also levels off need for peak weekend production.

Freezing of perishable baked goods is but one example of the

efficiency so necessary to low-cost, high-volume supermarket operations. With its relatively compact service area, Jewel has found centralized warehousing effects savings great enough to cover the greater transportation costs. Automation is used widely in warehouse and distribution facilities. For example, in the warehouse, the "Trayveyor" conveyor with trays attached at regular intervals, carries marked items up to loading chutes where the items are sorted according to markings and then shuttled directly into refrigerated truck trailers waiting outside.

The Home Service Routes, once responsible for the major part of Jewel's business, today account for only 14% of volume. Every two weeks 1,900 salesmen knock on the doors of suburban housewives in 38 states and the District of Columbia with catalogs which illustrate a variety of staples ranging from cakes to clothing.

Increasing costs on the routes due to credit losses, breakage and customer turnover have led to a new cooperative franchise plan with each salesman responsible for his own business. With this shift George Clements is optimistic about this line of the business, believes "it could grow to 2,500 routes easily."

Financial results of Jewel show a pleasing sparkle with an eighth consecutive record year in 1960, a period which many other food chains found troublesome. Adjusted to include Osco in both years, 1960 sales were up 3.7% to \$509,000,000 and earnings 3.3% to \$9,700,000 or



Self-service at Osco

\$2.80 a share. Profit margins were maintained at 1.9%, excellent for an industry which averages only 1.3%.

Earnings for the first half of 1961 dipped to \$1.31 from \$1.34 despite a 6% gain in sales but George Clements is unworried. He notes the entire dip came in the first quarter (53¢ v 57¢) and explained "we have a greater amount of development costs in our figures this year than ever before." He cited the high start-up costs of the \$4,000,000 pastry bakery built last year as well as integration costs of the Osco acquisition.

Neither president Clements nor chairman & chief executive Franklin Lunding are ready to comment concerning year-end figures. But Jewel optimism was reflected to the company's 8,800 stockholders in July when directors voted a nickel dividend hike to 40¢ on the 3,400,000 shares now selling on the Big Board at 70.



Daintily stepping from her gilded bath, this betoweled sprite sports the refreshing "light citrus fragrance" of Bain d'Or bath and after bath "pamperers," products of the Lenthéric division of Helene Curtis Industries. Sold nationally, the Bain d'Or line has already become "well established" along with Lenthéric's Tweed, Miracle and Adam's Rib fragrances.

As five-year members of the Helene Curtis family, Lenthéric (purchased from Olin Mathieson) together with Kings Men toiletries contribute 15-to-20% of consolidated sales. However, it is the Products division's hair & beauty care products for the retail market which bring in the bulk (45%) of Helene Curtis volume. Well-known brands include Suave lotion hair dressing, Enden dandruff treatment shampoo, Stopette deodorant and Spray Net hair fixative. A few new toiletries on the Products division shelf: Gaytop hair conditioner, Endac acne treatment and popular-priced Tender Touch bath oil.

President Willard Gidwitz envisions continued growth for toiletries & cosmetics. "Industry volume which rose from \$840,000,000 in 1950 to \$1.8 billion last year could again more than double its volume in the Sixties." The optimistic executive notes: "The entire \$81,000,000 hair spray market was non-existent only ten years ago."

The name Helene Curtis has been a familiar one in the beauty business since 1946. But it was called National Minerals Company when it began making facial mud packs for beauty salons 33 years ago. However, in the early Thirties the three founding Gidwitz brothers—Willard, Gerald now chairman and Joseph, vp and director—stopped making mud packs and instead concentrated on "raising the quality" and "bringing down the price" of permanent waving and other products for the 30,000 beauty salons then in existence.

Today Helene Curtis is the leading supplier of professional products for the country's 170,000 beauty shops. Accounting for 25-to-30% of Helene Curtis sales, products of the Beauty Salon division include a variety of packaged permanents and hairdryers as well as recently introduced Color Essence hair coloring preparations and Ever-Perm, a permanent hair straightener.

Although Helene Curtis made its first public stock offering only five years ago, its Class A common stock has become very well known to investors. On

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Annette Miller

Contributors

Donald Bauder, *Chicago*

Richard King, *Detroit*

Anna Merjos, *New York*

Robert Newman, *New York*

John Spence, *New York*

Robert Wallace, *New York*

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LENTHÉRIC

the Big Board since April, the price of the 1,960,000 shares — still 57%-owned by the Gidwitz family — soared 28 points this year to a new peak of 74 in May. Recently however, along with other cosmetic stocks, Helene Curtis has slipped back to around 58.

Products of the \$25,800,-000-assets company are sold in 80 foreign countries either through distributors or associate manufacturers. This year licensing income is expected to top \$1,000,-000, up from last year's record \$780,000. Willard Gidwitz notes overseas markets "are only now reaching the growth stage which the domestic market entered 10-to-15 years ago."

Despite increasing competition here at home, president Gidwitz predicts Helene Curtis sales for the year ending February 1962 of around \$67,000,-000, up 20% over fiscal 1961. He sidesteps a full-year earnings prediction but notes second half operations usually contribute a greater share than the first half. For 1960/61 earnings were a record \$3,230,000 or \$1.59 on the combined A and B shares. In the first quarter ended May, earnings were up 11% to 37¢.

Willard Gidwitz confesses "we are frankly acquisition minded." Case in point: the purchase this May of Plastic Products Company, a maker of "do-it-yourself" and commercial home repair products such as adhesives, sealants, glazing and caulking compounds. With "a number of acquisitions of complementary lines under study" and the addition of new products, distribution will be extended from hardware and paint stores to food stores as well.

In March 1960 Helene Curtis acquired West Coast-based Studio Girl-Hollywood Inc, a house-to-house cosmetics & toiletries sales operation with annual volume of about \$2,000,000. While the division's sales grew about 35% in 1960/61, Willard Gidwitz estimates Studio Girl sales will double to \$5,500,000-to-6,000,000 this year although "rapid expansion" costs will limit its profits. President Gidwitz expects "this division to become one of our largest" in the not-too-distant future.

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YOUR SHARE

"It is with books as with men," wrote Voltaire; "a very small number play a very great part."

Take our economy, for example. It is a free-enterprise economy that is dependent for its prosperity on a continuing flow of capital for expansion and development. And that capital comes from people buying shares of stock in American business.

Share-ownership has been increasing by leaps and bounds during the past decade, but there are still only about 15,000,000 Americans out of 180,000,000 who own common stocks. As Voltaire said, "a very small number play a very great part."

America needs more capital to keep its economy healthy. According to the U. S. Department of Labor, it costs close to \$20,000 to provide a job in industry—\$20,000 in capital outlay to employ just one man. Is it any wonder that our economy needs constant transfusions of the capital that is its lifeblood? Economists predict that industry will need some \$500 billion in new capital during the next decade.

Where will it all come from? There was a time when America's capital came largely from hundreds of people with millions of dollars. But in recent years, more and more investment capital has come from millions of investors with hundreds of dollars—and the trend will undoubtedly continue.

Will you be among those investors, owning your share of American business?

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